

Government Efficiency and Accountability Review (GEAR)

GEAR07 Board Meeting
March 14th 2018



<https://gear.delaware.gov/>

Agenda

30 min

1. Introductions
2. Old Business
 - Review/approve minutes
 - 2018 GEAR Board meeting schedule
 - GEAR team update

3. New business
 - Employee and public input

90 min

4. Deep Dive
 - P3 – Public/Private partnership task force
 - Financial Services Delivery team
5. Open Topics discussion -- Board
6. Public Comment
7. Adjourn



Old Business

**Review/Approve Minutes from
prior Board meeting**



Old Business

2018 GEAR Board Schedule

Tuesday, January 9, 2018

10:00 a.m. to 12:00 p.m.

New Castle County

Wednesday, March 14, 2018

8:00 a.m. to 10:00 a.m.

Dover

Tuesday, May 15, 2018

10:00 a.m. to 12:00 p.m.

New Castle County

Wednesday, July 11, 2018

8:00 a.m. to 10:00 a.m.

Dover

Tuesday, September 18, 2018

9:00 a.m. to 11:00 a.m.

New Castle County

Wednesday, November 14, 2018

8:00 a.m. to 10:00 a.m.

Dover



Old Business



GEAR Team Update

- GEAR website updates:
 - Focus Area updates
 - Publishing team 4-Blockers
 - GEAR in the news
- GEAR mentioned in State of State and Budget addresses
- Pew MOU signed by Governor and Legislature
- Education Task Force Finance and Structure subcommittees
- P3 Team active
- FSD Team active
- GEAR employee and public input
- DTI Centralization
- DHR Centralization

Old Business

REMINDER -- Simplified Progress Reporting

- New reporting template – the 4-Blocker
 - Simplify progress reporting
 - Minimize rework
 - Identify areas where Board support is required
 - Inform employees and public of GEAR progress
- Submit completed 4-Blocker no less than two days before GEAR Board meeting
- Posted to GEAR website
- Addresses our requirements for transparency



Government	Percentage
Current government	85%
Previous government	15%

Employee and Public Input

- 256 responses as of March 9th
- 23 identified agencies and related organizations
 - DHR, DHSS, DNREC, DOA, DOC, DOE, DOF, DOL, DOS, DOT, DSCYF, DSHS, DTI, AOA, OMB
 - Judiciary, Legislature, P3, DelTech
 - GEAR, General, Governor, TBD
- Input reviewed daily for security-related matters
- DSHS/DSP liaison assigned
- Now sending input to relevant Focus Area teams and Agency leads for action



New Business

2018 Deep Dive Order

Tuesday, January 9, 2018

Education

Information Technology

Wednesday, March 14, 2018

P3 – Public/Private Partnership

Financial Services

Tuesday, May 15, 2018

Criminal Justice

DHSS & Healthcare

Wednesday, July 11, 2018

Information Technology

Human Resources

Tuesday, September 18, 2018

Education, Financial Services

Criminal Justice

Wednesday, November 14, 2018

P3 – Public/Private Partnerships

DHSS & Healthcare



Deep Dive

Public-Private Partnerships (P3)

Primary objectives

1. Encourage agencies to identify State initiatives that are resource or funding constrained, and possible candidates for P3
2. Re-establish the private-sector loaned executive program
3. Broaden connection to UD Lerner school as a source for continuous improvement methods (Six Sigma etc.) and best practice models from other states and industry

P3

Encourage agencies to identify State initiatives that are resource or funding constrained, and possible candidates for P3

- **In Progress**

- P3 Task Force has been refining their charter including P3 project categories of Aspirational, Strategic and Tactical, which will form a solid framework to classify P3 initiatives

- **Next Steps**

- Review statistical analysis of benefits/assistance gap and consult with DHSS leadership
- Discuss idea on potential GEAR alignment on the topic of student funding models
- Create a highly-effective proposal and grant-writing team to enhance State agency capabilities
- Examine cost-benefit of AAA vs. AA bond rating, i.e. pro/con of reserving \$225M in short-term notes

- **Challenges**

- Inclination to focus on tactical projects, instead of aspirational, or strategic goals
- How identify and engage leaders of change in the State agencies about P3 initiatives
 - Create list of strong State change agents and assign a P3 member to each change agent

P3

Re-establish the private-sector loaned executive program

- **In Progress**

- Identified by P3 Task Force as a key initiative for 2018+

- **Next Steps**

- Define a loaned executive program pilot with the P3 Task Force and present to GEAR Board
- Present the program to:
 - DE Business Roundtable Executive Committee (4'18)
 - DE Business Roundtable Education Committee
 - Entire DE Business Roundtable and the DE State Chamber Board of Governors for support
- Identify expert to define highly-effective proposal and grant-writing team
- Identify loaned exec to help with Performance-Based Budgeting across agencies

- **Challenges**

- Loaned executives cannot be assigned until the appropriate P3 initiatives are identified, defined and action plans developed
- Loaned executive, however, can be assigned to other initiatives coming from the other GEAR committee projects (non-P3)

P3

Broaden connection to UD Lerner school as a source for continuous improvement methods and best practice models from other states and industry

- **In Progress**

- University of Delaware (UD) Lerner School of Business Dean Bruce Weber agreed to join the P3 Task Force

- **Next Steps**

- Discuss how to best explore P3 best practices models from other states in the U.S. and also other countries
- Assign a P3 Task Force member to lead this effort, or identify someone who can lead this on behalf of the P3 Task Force (by April 30)
- Decide which models would work best in Delaware

Deep Dive

Financial Services Delivery

1. Senior Financial Officer Roundtable
2. Travel Per Diem project
3. Governmental Accountability Act
4. PCard project
5. Bank Architecture project

Senior Financial Officer Roundtable

Senior Financial Officer Roundtable

- **Current state**

- Currently, no centralized entity identifying continuous improvement opportunities or potential issues and risks affecting the States financial management functions
- Financial services and financial controls lack centralized coordinated support from key financial officers of the State
- Responsibility for implementation falls to individual agencies performing these functions and the response and solutions are often fragmented and ineffective
- Objective is to create a financial services roundtable composed of senior financial officers to comprehensively address issues with the State's financial management functions

Senior Financial Officer Roundtable

- **Membership**

- Initially, FSD Team will constitute the roundtable:

- Secretary of Finance
 - Director of OMB
 - Controller General
 - State Treasurer
 - Auditor of Accounts

- Rounding out the participants:

- Chief Financial Officer of the Delaware Judiciary
 - Representative from school district business managers

Senior Financial Officer Roundtable

- **Objectives and Measurement**

- Main purpose of roundtable is to collaborate, prioritize and make decisions that will improve the State's financial practices and policies (e.g., consolidation of receivables, payables and other financial services)
- Success to be measured in time (saved through streamlining processes) and money (amounts saved or reallocated through process improvements or use of data in decision making)

Senior Financial Officer Roundtable

- **In progress**
 - Organizing roundtable logistics and overseeing initial implementation of Financial Services Delivery Team GEAR projects.
- **Next steps**
 - Identifying additional financial services processes and practices that can be improved.
- **Challenges**
 - Changing fragmented financial practices that have “worked” for individual State entities.
- **GEAR Board**
 - Support for improving State financial policies and practices across all State entities.

Travel Per Diem Review

Travel Per Diem

- **Overview**

- Reduce travel per diem complexity that leads to inefficiencies in use and enforcement compliance and auditing
- Lead agencies: OMB (Sullivan) and DOF (Cole)
- FY 2017 travel spend \$3.7 M
 - All funds
 - Does not include Higher Education or School Districts
- Success to be measured in savings of processing / enforcement time and money
 - Estimated savings \$800,000, i.e. salary cost x # travel reports – *see background information*

Travel Per Diem

- **In Progress**

- DOF working with Office of the State Treasurer (OST) to issue joint PCard RFP so that PCard and banking architecture addressed comprehensively
- DOF identifying travel management services companies who could potentially manage the State's travel, i.e. bookings and per diems
- OMB reviewing Federal General Services Administration travel policy and per diems

- **Next Steps**

- Obtaining GEAR Board approval for joint DOF/OST PCard RFP
- Continuing explorations of travel management services and Federal GSA travel policy
- Looking into potential adjustments to make current travel approval processes more efficient
- Revising States travel policy to conform to policy changes, service delivery, approval practices

Travel Per Diem

- **Challenges/Risks**

- To issue joint DOF/OST PCard RFP need to extend current JPMC PCard contract
- If contract is not extended the State would need to wait out term of new contract before being able to consolidate PCard with banking architecture

Delaware Governmental Accountability Act (GAA)

Governmental Accountability Act

- **Scope of Change**

- Shift focus from budget books to the budget process
- OMB rewriting GAA from specifying elements for inclusion in the Governor's Recommended Budget documents to supporting a performance management system
- Annual budget process to be part of the performance management system, dedicated to continuous process improvement and making government more efficient, reducing costs, etc.

Governmental Accountability Act

- **Performance Management**
 - Performance management system (not a new IT application) to include:
 - Strategic planning
 - Performance measurement/evaluation
 - Performance budgeting
 - Performance metrics to be used to evaluate new programs and program enhancements by both Governor and Legislature (JFC)

Governmental Accountability Act

- **Metrics and Schedule**

- Performance metrics to be made public (website) and must be understandable by public officials and citizens
- Effective (full implementation) beginning with the FY 2022 budget process (starting Fall CY 2020)
- Passage of amended bill by Legislature and signing by Governor will be initial success (Spring CY 2018)
- Long term success will be implementation of performance management system and use in budget process

Governmental Accountability Act

- **In Progress**
 - Rewriting of GAA and presentation to the Legislature
- **Next steps**
 - Development of implementation plan (identify resources, timeline, processes)
- **Challenges**
 - Finding existing (not new) resources and a very short timeframe for implementation
- **GEAR-related**
 - GEAR agency support for changes, leverage GEAR process improvement projects, feedback on implementation

Procurement Card (PCard)

PCard

- **PCARD Primer**
 - Used for Travel or Procurement
 - Managed under same contract by the same provider
 - Generates \$2.2M annual rebate for State
 - FSF automatically updated with individual transactions daily – significantly reduces manual data entry
 - Greatly reduces number of checks issued by State
 - PCard eliminates need to issue 160,000 checks per year

PCard

- **Overview**

- Increase PCard usage with reduction in employee reimbursements and issuance of checks/ACH to vendors
- Lead agencies: DOF (Cole) and OST (Gonzalez)
- 2017 PCard Spend - \$130.1M with \$72.8M in card and \$57.3M on the Single Use Account (SUA)
- Success to be measured in increased rebate and savings through check and ACH processing (each additional \$25M of spend increases rebate \$300K/0.01% increase)

PCard

- **In Progress**

- DOF incorporating the Single Use Account requirement into the latest RFP (this is a new feature since the last RFP)
- DOF working with OST to issue joint PCard RFP so that PCard and banking architecture addressed comprehensively

PCard

- **Next Steps**

- Obtaining GEAR Board approval for joint DOF/OST PCard RFP
- Together with travel continue explorations of travel management services which through connection to the PCard will result in increased usage
- Reduce the current pay cycle for checks and ACH transactions from daily to weekly or biweekly to drive more payments to the Single Use Account within the PCard program

PCard

- **Challenges/Risks**

- To issue joint DOF/OST PCard RFP need to extend current JPMC PCard contract
- If contract is not extended the State would need to wait out term of new contract before being able to consolidate PCard with banking architecture

Banking Architecture Redesign

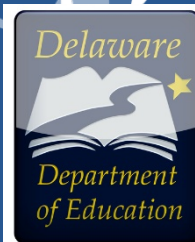
Banking Architecture Redesign

What is Banking Architecture?

DHSS currently issues client welfare benefits via printed checks at a high cost to clients who use check cashing services

DOE and Delaware School Districts currently make 2,500 physical deposits each month at local banks

The Courts currently process over 244,000 credit card transactions annually



Delaware
Courts

Banking Architecture Redesign

Four-Blocker Update

Objectives and Achievements	In Progress
<ul style="list-style-type: none"> • Issue: A comprehensive assessment and re-engineering of banking needs has not been conducted in more than 25 years • Objective: Implement a new statewide banking architecture to drive greater value to state agencies from banking partners 	<ul style="list-style-type: none"> ✓ Complete Comprehensive Review (PFM) ✓ Evaluate PFM Report/Recommendations ✓ Present progress update to Financial Services Delivery-GEAR ✓ Discuss P/Virtual Card(s) with Division of Accounting and Gov. Support Services ✓ Present recommendations to Banking Subcommittee of the Cash Management Policy Board • Draft Scope of Work for RFP Components • Complete IT Business Case(s) • Update/Request Support from GEAR
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> • Work with GSS to raise awareness • Organize Selection Committee(s) • Finalize/Issue Comprehensive RFP • Evaluate Technical/Cost Proposals • Select Partners & Negotiate Contracts • Create Implementation Plan 	<ul style="list-style-type: none"> • <u>Sustained participation of subject matter experts</u> from state organizations is needed throughout the project life-cycle • Multi-year/agency implementation requires <u>quality project management</u>

Banking Architecture Redesign

Meeting Key Challenges

Subject Matter Experts

GEAR Members

- Finance
- OMB
 - PHRST
 - Pension
- DTI
- DHSS
- Education
- Judiciary

Non-GEAR Members

- State
- DNREC
- Labor
- Correction
- Transportation
- Other Elected

Project Management Team

OST

Nora Gonzalez
Project Lead

Dan Madrid
GEAR Liaison

Josh Brokaw
Technical Lead

Susan Steward
Analytical Support

Jason Staib
Legal Counsel

PFM

Barbara Fava
Project Lead

David Calvert
Technical Lead

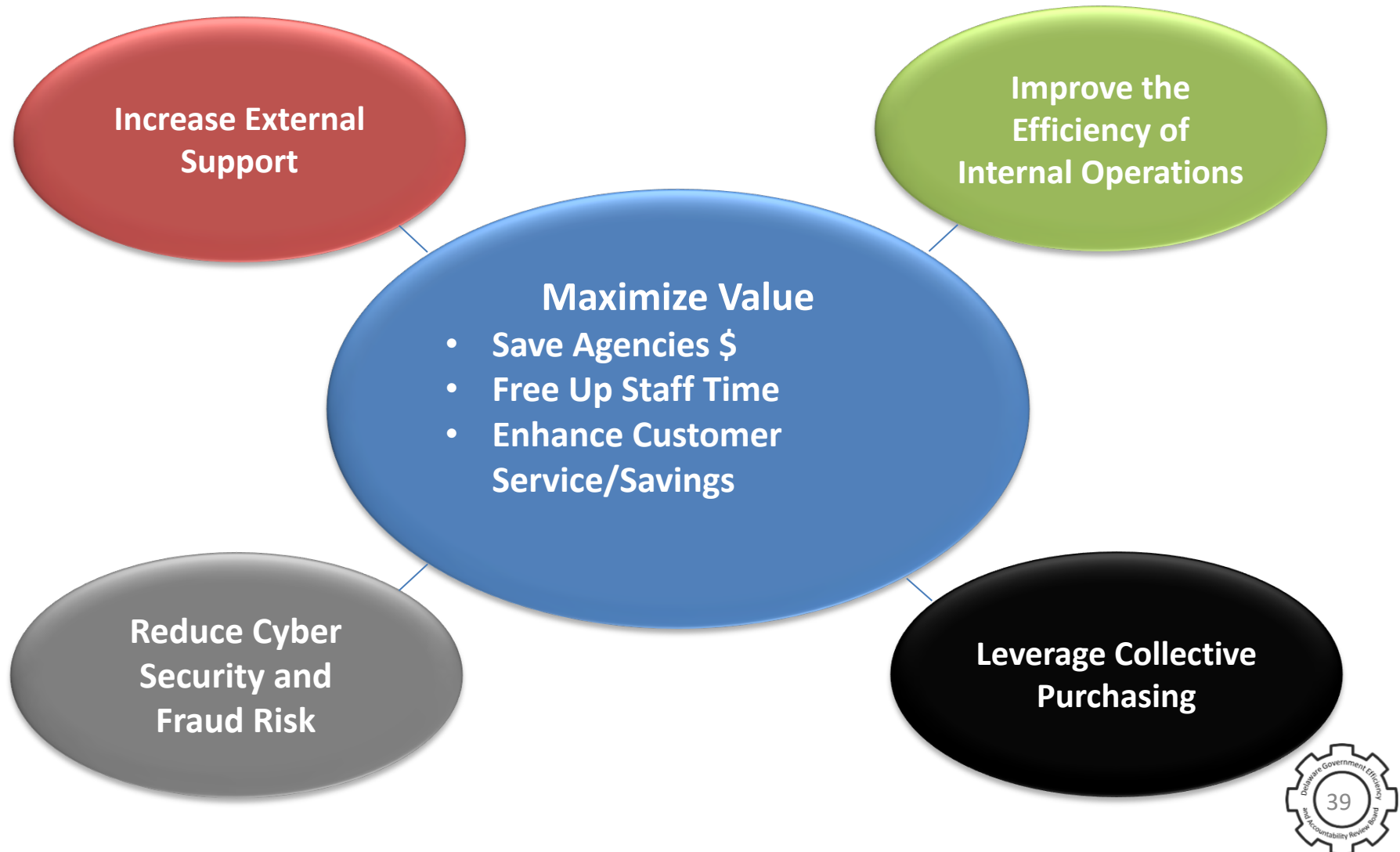
Danton Ponzol
Senior Analyst

Heather Seitz
Senior Analyst

Ambria Smith
Analyst

Banking Architecture Redesign

Benefits to State Agencies



- **Open topics Discussion – Board**
- **Public Comment**

Adjourn



Contact



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Background Information

Per Diem Value Estimation

- This estimate is assuming an average fully-loaded salary of \$75,000 (\$38/hour) and an estimated 4 hours additional processing time (including traveler, reviewer, reconciler and approver) to calculate an additional incremental cost per travel report of \$170 under the current procedures.
- The approximate number of travel reports is the number of out-of-state hotel charges on the PCard for FY17 (4,708).
- This estimate is also assuming that the additional expense that may be incurred due to per diem being greater than actual spend is more than offset by the number of travel reports not on state PCard, and therefore, not part of the above calculation.